



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 6/22/2004

GAIN Report Number: C14012

Caribbean Basin

Market Development Reports

October 2003 Survey of Havana Markets

2004

Approved by:

Margie Bauer, Director
Caribbean Basin ATO

Prepared by:

U.S. Interest Section, Havana

Report Highlights:

This report was prepared by the U.S. Interest Section, Havana and is part of an ongoing series of reports on food availability. The Cuban government implemented new strategies in July 2003 to reduce food prices. However, their efforts have not yet been successful and the average Cuban is still unable to afford higher cost protein such as meat.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Miami [C11]
[C1]

A. Summary

The Cuban government is once again trying, and failing, to reduce state market prices to make basic foodstuffs affordable for the average Cuban. On July 30, 2003, Carlos Lage announced new strategies to complement efforts to boost agricultural production with market "improvements," beginning with the elimination of intermediaries. Lage announced that prices in all state markets managed by the Ministry of Agriculture would be "capped;" he subsequently announced that the prices of root vegetables, grains and meat sold in markets run by the Ministry of Domestic Trade (MINCIN) would be fixed at the same capped prices. When MINCIN market supplies decreased, the price capping was rescinded on all but root vegetables. Lage has publicly downplayed the poor results of the new initiatives, saying they were intended to effect only gradual, modest price reductions.

In October 2003, USINT conducted a survey of the various Havana markets, the first after the implementation of the recently announced state agricultural market price policies. The October market survey showed the ration card (libreta) experienced no price changes and no significant supply changes. Some prices for basic foods in the free market "agromercados" fluctuated since August, but prices for those same products in state capped markets stayed the same, or changed insignificantly.

B. New GOC Measures for Lowering Prices

Prices in both private and state agricultural markets, particularly meat products, are unaffordable for the average Cuban. At the opening of a renovated network of 70 state farmers markets in Havana on July 30, Carlos Lage, Vice President of the Council of State and Executive Secretary of the Council of Ministers, announced new strategies to reduce state market prices. Lage promised to ensure that agricultural supplies obligated for social consumption are made readily available to hospitals, schools, restaurants, workers' cafeterias, and ration card stores and that the general population has access to produce at more affordable prices.

Lage acknowledged that current levels of production are insufficient, but made clear that price reduction should not rely solely on larger harvests, but also on agricultural market "improvements," beginning with the elimination of intermediaries. Under the new system, capped markets would receive goods either directly from the state collecting system or an independent agricultural unit such as a state farm or a cooperative. Provincial administration councils were to set top prices for the products in their respective territories.

According to Lage, new payment systems would be implemented within the state market network to ensure that workers' earnings correspond to their sales. Lage's plan was to decrease prices, in turn increasing sales and providing greater benefits to agricultural market employees.

On August 23, national newspaper Juventud Rebelde reported that as of September, root vegetables, grains, and meat sold in the more than 1,000 produce markets run by the Ministry of Domestic Trade (MINCIN) would be fixed equal to those of state agricultural markets operated by the Ministry of Agriculture. The announcement maintained that prices for these products set by the People's Administration Council, would relieve the Cuba people and impose greater control over intermediaries.

On September 28, weekly publication Tribuna reported that the agricultural markets operated by MINCIN would impose capped prices only for root vegetables. This was the first publicly. Prices: October 2003 Survey of Havana Markets acknowledged setback of the new policy.

No significant price reductions have materialized from the policy measures Lage announced in July. The only price reductions were for squash and sweet potato. On October 23, Lage justified

the limited success of recent attempts to lower agricultural prices. He claimed the new measures have not been widespread because they were designed to be gradual and modest in order to control the quantity of cash circulating in the Cuban economy. He maintained that a sudden influx of cash might create a disincentive to work and expand the black market.

An immediate consequence of the implementation of the announced measures as published in *Trabajadores* on September 15, was the immediate cessation of many agricultural vendors. Some 90 stands closed the first few days after the announcement. Price ceilings in MINCIN agricultural markets made business unprofitable and forced Lage to reconsider the initial strategy, and limit capped prices to root vegetables alone.

C. Market Survey/Items Surveyed

The following items are considered the most essential foods purchased to supplement insufficient ration card supplies: rice, beans, lard (as a substitute for cooking oil), small cooking plantains, squash or sweet potatoes, onions, garlic, and tomato sauce. This survey also accounts for pork, lamb and ham, which, although generally unaffordable for the average Cuban family, are often purchased for special occasions.

Those families with an above average salary (or with access to dollars) will purchase a wider selection of fruit and vegetables. Of these "second tier" items, the following are included in this survey: pineapples, papayas, oranges, limes, yucca, malanga (a tuber), cabbage, carrots, beets, eggplant, tomatoes, lettuce, and cucumbers.

D. Food Availability and Prices in October 2003 in Comparison to August 2003

1. Rationed Food

There were no changes in the availability of rationed food between August and October. The distribution of U.S.-bought chicken leg quarters continues on a fairly regular basis for 0.7 Cuban pesos (CP)/lb, equivalent to less than 0.03 USD/pound.

2. Agromercados - Free Farmers' Markets

The October survey showed that in comparison with August, the only basic product that increased in price was red beans, from 12.0 CP to 12.0-15.0 CP, while prices for black beans decreased from 10.0 CP to 8.0 CP, lamb and pork ribs from 21.0 CP to 15.0 CP, and 23.0 CP to 20.0 CP, respectively (a hyphen indicates a range of prices). No price changes were noted for the other basic products.

From the "second tier" list, no significant changes were noted except for carrots offered under the table in one market by a single vendor with a 100% price increase, from 10.0 CP/lb to 20.0 CP/lb. A wide range of prices for some products, such as pineapple, tomato and pepper were based on quality, but were kept within the August price ranges. Cabbage and okra, not available in August, were now available at 6.0-8.0 CP for cabbage, and 6.0 CP/lb for okra. These markets have the fruits and vegetables.

E. Prices: October 2003 Survey of Havana Markets

1. State Capped Markets

Prices of these markets are published monthly in the GOC "Tribuna de La Habana" newspaper. The only price changes since August 2003, were sweet potato, from 0.7 CP/lb to 0.5 CP/lb and squash, from 0.5 CP/lb to 0.3 CP/lb.

Other products maintained the same prices as reported in August: rice (steady at 3.5 CP), lard (15.0 CP), cooking plantains (0.6 CP), tomato sauce (4.0-6.0 CP), lamb (20.0 CP), viking ham (34.0 CP), oranges (0.6 CP), malanga (2.5 CP), cabbage (1.0 CP), beets (1.0 CP), and cucumber (1.0 CP).

Despite the list of prices published in Tribuna, many products -- particularly green vegetables and fruit -- were not available, including onion, pineapple, orange, yucca, cabbage, carrot, beet, eggplant, tomato, lettuce, and cucumber.

2. MINCIN Agricultural Markets

According to an article published in Tribuna on September 28, MINCIN operated agricultural markets would apply capped prices only for root vegetables. All other products were to be sold at market prices with a 5 percent tax (in comparison to the 2.5 percent tax for capped products). In fact, only the prices of squash (0.8 CP), oranges (1.0 CP) and papaya (2.3-2.5 CP) exceeded capped prices. Other products available included peanuts (8.0 CP/lb), chickpea (12.0 CP/lb), sesame seed (5.0 CP/lb), vinegar (4.5-5.0 CP/lb), and dry cooking wine (4.5 CP/lb).

3. EJT (Ejercito Juvenil del Trabajo) Markets

The EJT market in the Vedado neighborhood had the lowest prices of all markets. Basic products offered were rice for 3.3 CP, six percent lower than in the capped market; red beans for 5.5 CP, 22 percent lower; white beans for 5.0 CP, 29 percent lower; viking ham for 31.0 CP, 9 percent lower; small cooking plantains for 0.4 CP, 56 percent lower; and sweet potato for 0.3 CP, 40 percent lower.

Second tier products were mostly unavailable. The only fruit available was guava at 2.0-2.25 CP/lb. No green vegetables were available. However, in addition to pork, lamb, and elaborated meat products, chicken was available at 19.0 CP/lb.

The quality of the products offered at the EJT market is generally good, and it is always the first purchasing option for any household. These markets are crowded enough during the week, but lines become unbearable on the weekends. Availability of products decreased in comparison with April, but remained almost the same as August.

4. Organoponics

An organoponic in Nuevo Vedado offered good prices and quality for an extremely limited selection of fresh green vegetables. No basic products were available. The only products for sale were spinach (1.5 CP/lb), radish (1.0 CP/lb), chives (1.0 CP), and oregano (1.0 CP/lb). This kind of market can supplement a typical Cuban family's demand for some fresh green vegetables and spices, but is not often the first choice. Availability of fresh products decreased from 13 in April to eight in August, and four in October.

5. Fish Shops

The fish shop at J and 9th St., Vedado, was offering grunt at 6.0 CP/lb, whole triggerfish at 8.0 CP/lb and whole shrimp at 50.0 CP/lb. The other surveyed fish shop, also in Vedado, had whole grunt, whole shad, whole carbine, all at 6.0 CP/lb, whole porgy at 8.0 CP/lb, and ground fish at 8.0 CP/lb. Fish croquettes, generally the fish product of highest demand, usually at 0.5 CP each, was unavailable.

F. Prices: October 2003 Survey of Havana Markets

1. Imagenes/Ideal Variety Shops

Prices are fixed in all Imagenes/Ideal variety shops. A survey of two, one in Vedado and another in Centro Havana found the Vedado shop had less variety, and very few of the products in the basic market basket. We found only imported rice for 3.5 CP/lb and 4.0 CP/lb, according to quality. Several additional items were available which cannot be found in the markets mentioned above. Eggs were available for 2.0 CP each, as were vegetable protein hamburgers (2.0 CP each), Spanish sausage (24.0 CP/lb), leg ham (34.0 CP/lb), and pork chops (27.7 CP/lb). In Centro Havana, imported rice was available for 3.5 CP/lb, along with black beans for 7.0 CP/lb. There was a slightly larger variety of non-basic items including spaghetti (20.0 CP/lb), bread (6.0 CP), eggs (2 CP each), Spanish ham (24.0 CP), minced chicken (15.0 CP), and other elaborated pork meat such as smoked loin (28.0 CP), salami (32.0 CP), Spanish sausage (24.0 CP), bacon (28.0 CP), and leg ham (34.0 CP).

Prices for rice and beans at these variety stores are more expensive than in the EJT, but the same as state agromercados. As noted, these stores offer foodstuffs not available in the above-mentioned markets, such as eggs, and elaborated meat products. Bread is a little bit more expensive than in the non-rationed Cadenas del Pan, but the quality is better (Imagenes stores sell soft loaves, while the Cadenas del Pan sell hard baguettes). Overall, the availability of products in the Imagenes/Ideal chain decreased in comparison to August.

G. Comment

The measures to reduce prices in state markets and make produce more accessible to the population remain ill defined. There is no clear causation between Lage's agricultural marketing "improvements," which largely consist of eliminating intermediaries, and a new payment system leading to lower prices. Previous attempts of this nature have only led to scarcity in state agricultural markets, mainly due to the GOC's inability to effectively assume the intermediary role. In the past, lack of an organized transportation network and personnel experienced with working with farmers have resulted in higher prices, not lower ones. Many products became unavailable in state markets at prices farmers considered too low and were sold only in private markets at higher prices.

Lage's policy seems to be little more than a repetition of previous attempts to reform Cuba's agricultural markets that have consistently failed to make produce affordable for the average Cuban family. Subsequent surveys will reflect the results of the new policy, but no major changes are expected.

H. For more information on food and agriculture in Cuba please visit our website: www.cbato.fas.usda.gov, and click on "Cuba"

Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture

909 SE 1st Ave., Suite 720
Miami, FL 33131
Phone: (305) 536-5300
Fax: (305) 536-7577 E-mail: cbato@cbato.net